

Message Text

UNCLASSIFIED

PAGE 01 MANAMA 01386 281806Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 EB-07
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 DODE-00 PA-02 PRS-01
IGA-02 DOTE-00 /113 W
-----114530 282140Z /61

R 281340Z JUN 77

FM AMEMBASSY MANAMA BAHRAIN
TO SECSTATE WASH DC 4855
INFO USDOC WASH DC
AMEMBASSY ABU DHABI UAE
AMEMBASSY AMMAN JORDAN
AMEMBASSY ATHENS GREECE
AMCONGEN DHAHRAN SAUDI ARABIA
AMEMBASSY DOHA QATAR
AMEMBASSY JIDDA SAUDI ARABIA
AMEMBASSY KUWAIT KUWAIT
AMEMBASSY MUSCAT OMAN
AMEMBASSY TEHRAN IRAN

UNCLAS MANAMA 1386

ATHENS FOR RTDO

ABU DHABI PLEASE PASS DUBAI

JIDDA PLEASE PASS RIYADH

E.O. 11652: N/A

TAGS : ETRD, BEXP, BA, XF

SUBJECT : 'OFFSHORE COMPANIES LAW' EXPECTED IN FALL 1977

1. FOLLOWING ON THE SUCCESS OF ITS OFFSHORE BANKING UNIT
PROGRAM, THE GOVERNMENT OF BAHRAIN HAS DECIDED TO
ISSUE A DECREE, PROBABLY IN THE EARLY FALL OF 1977,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANAMA 01386 281806Z

TO FACILITATE THE ESTABLISHMENT OF AN 'OFFSHORE
COMPANIES' STATUS IN BAHRAIN. AS WITH THE OFFSHORE
BANKS (THIRTY EIGHT MAJOR INTERNATIONAL BANKS HAVE
ACTUALLY OPENED THEIR DOORS FOR REGIONAL BUSINESS
IN THE PAST EIGHTEEN MONTHS), THE 'OFFSHORE COMPANIES'
WOULD BE BARRED FROM DOING BUSINESS IN BAHRAIN. IF
THEY DID WANT TO DO SUCH, THEY WOULD HAVE TO BE

REPRESENTED BY AN AGENT OR SPONSOR AS IS THE CASE WITH ALL COMPANIES.

2. THE GOAL OF THE PROGRAM SEEMS TO BE THREEFOLD: TO FURTHER ESTABLISH BAHRAIN'S POSITION AS ONE OF THE LEADING REGIONAL BUSINESS CENTERS, PARTICULARLY FOR FIRMS WITH AN EYE TO BUSINESS IN SAUDI ARABIA; TO GENERATE SOME REVENUES FOR THE GOB (THE OFFSHORE BANKS PAY AN ANNUAL LICENSING FEE OF \$25,000), AND TO PROP UP THE SAGGING RENTAL MARKET IN BOTH OFFICE AND RESIDENTIAL ACCOMODATIONS (SEE MANAMA 1350 FOR A DISCUSSION OF THOSE PROBLEMS).

3. WHILE THE OUTLINES OF THE PLAN HAVE BEEN APPROVED BY THE CABINET, MINISTRY OF COMMERCE OFFICIALS AND BAHRAIN MONETARY AGENCY OFFICIALS TELL US THEY ARE HAVING A DIFFICULT TIME DRAFTING THE IMPLEMENTING REGULATIONS. THIS IS THE CASE BECAUSE THEY THINK THEY WANT TO ENCOURAGE INTERNATIONAL COMPANIES IN SOME SECTORS (SHIPPING, INSURANCE, ETC.) AND POSSIBLY NOT IN OTHERS. AT THE SAME TIME THEY WANT TO CAREFULLY GET APPLICANTS TO GRANT LICENSES ONLY TO MAJOR INTERNATIONAL FIRMS. THIS IS THE SAME TACK THE GOB TOOK WITH THE OFFSHORE BANKING UNIT PROGRAM WHERE IT ENCOURAGED AND IN FACT APPROVED APPLICATIONS ONLY FROM MAJOR INTERNATIONAL BANKS, REJECTING AND DEFLECTING APPLICATIONS FROM REGIONAL AND 'NATIONAL' BANKS. THERE IS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MANAMA 01386 281806Z

ALSO CONCERN THAT THE STRAINED INFRASTRUCTURE HERE, ESPECIALLY WITH REGARD TO THE TELEX AND TELEPHONE SYSTEMS, MIGHT NOT BE ABLE TO HANDLE ANOTHER MAJOR INCREASE IN DEMAND (QUALITY OF SERVICE SLIPPED NOTICEABLY LAST YEAR AS A RESULT LARGELY OF THE DEMANDS OF THE OFFSHORE BANKING UNITS).

4. A VISIT JUNE 27 TO THE ASST. UNDERSECRETARY FOR COMMERCIAL AFFAIRS, TO INTRODUCE THE DISTRICT MANAGER FOR PACCAR INTERNATIONAL, REVEALED THAT THE GOB IS SPECIFICALLY HOPING TO ENCOURAGE MAJOR AMERICAN FIRMS LIKE PACCAR, WITH LITTLE OR NO BUSINESS IN BAHRAIN, BUT WITH MAJOR INTERESTS AND BACKING IN SAUDI ARABIA, TO ESTABLISH OFFICES HERE, INTERESTINGLY, PACCAR WAS INFORMED OF "OFFSHORE COMPANY" STATUS BY SAUDI BUSINESSMAN - PRESUMABLY BUT NOT

NECESSARILY ITS PRIMARY AGENT, ADNAN KHASHOGGI.
CLUVERIUS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, OPENING OF OFFICES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANAMA01386
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770231-0206
Format: TEL
From: MANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770611/aaaaajim.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cf169e73-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2011024
Secure: OPEN
Status: NATIVE
Subject: 'OFFSHORE COMPANIES LAW' EXPECTED IN FALL 1977
TAGS: ETRD, BEXP, BA, XF
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/cf169e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009